

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L STATE 124857

EXDIS

E.O. 11652: GDS

TAGS: EAIR, UK

SUBJECT: CIVAIR: PRESIDENTIAL LETTER TO PRIME MINISTER

REF: STATE 123846

1. PRESIDENT HAS SIGNED LETTER TO PRIME MINISTER. TEXT
OF LETTER, ORIGINAL OF WHICH IS BEING POUCHED, IS AS
FOLLOWS:

-- "DEAR JIM, I THOUGHT IT BEST TO WRITE YOU PERSONALLY ON
A MATTER OF IMPORTANCE. AS YOU KNOW, AIR TRAFFIC BETWEEN
OUR COUNTRIES IS NOW FLOURISHING AS A RESULT OF THE NEW
SERVICES AND LOW FARES THAT HAVE BECOME AVAILABLE IN
RECENT MONTHS. TRAVELLERS FROM BOTH OUR COUNTRIES HAVE
BENEFITED, AND OUR AIRLINES ARE DOING A RECORD BUSINESS.
YET UNDER THE TERMS OF THE 1977 BERMUDA II AGREEMENT,
SOME MAJOR CITIES COULD BE DENIED THE MULTIPLE
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U.S.-AIRLINE SERVICE WHICH THEY HAVE ENJOYED IN THE PAST.
THE CURRENT EVIDENCE STRONGLY INDICATES THAT A NUMBER OF
THE U.S.-U.K. MARKETS CAN SUPPORT AND WOULD BENEFIT FROM
THIS COMPETITION.

-- "I WOULD LIKE TO SUGGEST AN APPROACH WHICH I BELIEVE
WOULD BE OF BENEFIT TO BOTH OUR COUNTRIES. SHORTLY, WE

WILL BE MAKING FORMAL DESIGNATIONS TO ALLOW THREE U.S. CITIES -- BOSTON, LOS ANGELES, AND NEW YORK CITY -- TO HAVE NON-STOP SERVICE TO LONDON BY TWO U.S. AIRLINES. I REALIZE THAT UNDER BERMUDA II THE U.K. IS OBLIGED TO ACCEPT ONLY TWO U.S. CITIES FOR SCHEDULED SERVICE BY TWO U.S. AIRLINES. I HOPE YOU WILL NOT TAKE THIS STEP AND THEREBY LIMIT OUR DESIGNATIONS TO TWO CITIES. WE WOULD IN RETURN BE PREPARED TO MAKE COMPARABLE NEW COMPETITIVE OPPORTUNITIES AVAILABLE TO YOUR AIRLINES. I HOPE YOU WILL AGREE THAT ADDITIONAL AIR SERVICE, AND THE HEALTHY COMPETITION IT WILL BRING, WILL BE OF BENEFIT TO OUR CITIZENS AND WILL ENSURE THE CONTINUED GROWTH OF COMMERCE BETWEEN OUR NATIONS. SINCERELY,JIMMY CARTER"

2. IN DELIVERING LETTER, AMBASSADOR SHOULD MAKE FOLLOWING POINTS ORALLY:

-- A. SINCE SIGNATURE OF BERMUDA II LAST JULY, THERE HAVE BEEN DRAMATIC AND UNPREDICTED CHANGES IN THE INTERNATIONAL AVIATION ENVIRONMENT, PRINCIPALLY THE GROWTH IN TRAFFIC RESULTING FROM NEW SERVICES AND LOW AIR FARES.

-- B. SOME OF THESE CHANGES WERE RECOGNIZED BY BOTH COUNTRIES IN THE RECENTLY-CONCLUDED AIR FARES UNDERSTANDING AND CHARTER AIR SERVICE AGREEMENT.
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-- C. IN SAME WAY, WE BELIEVE IT WOULD BE APPROPRIATE TO ALLOW THREE U.S. CITIES, INSTEAD OF ONLY TWO AS GUARANTEED BY BERMUDA II, TO RECEIVE SERVICE BY TWO U.S. AIRLINES. (UNDER AGREEMENT, U.S. IS ENTITLED TO DESIGNATE ADDITIONAL CITIES FOR DUAL SERVICE, BUT U.K. IS NOT OBLIGED TO ACCEPT MORE THAN TWO DESIGNATIONS.) U.S. IS PREPARED TO CONSIDER FAVORABLY COMPARABLE LIBERALIZATIONS FOR U.K. AIRLINES.

-- D. THE PRESIDENT IS INTERCEDING BECAUSE HE HAS A PERSONAL INTEREST IN ENHANCING AVIATION COMPETITION. THERE IS ALSO STRONG PRESSURE FROM KEY CONGRESSMEN NOT TO LIMIT BOSTON TO ONE U.S. AIRLINE. THIS LATTER FACTOR COULD NOT BE MENTIONED IN HIS LETTER, WHICH HE PLANS TO RELEASE TO THE PUBLIC.

3. PRESIDENT'S LETTER WILL NOT BE RELEASED PUBLICLY UNTIL PRESENTED TO PRIME MINISTER. EMBASSY SHOULD CABLE IMMEDIATELY WHEN LETTER IS TO BE PRESENTED.

4. SEPTTEL WILL INSTRUCT EMBASSY ON MAKING ADDITIONAL

DESIGNATIONS OF AIRLINES TO FOREIGN OFFICE. VANCE

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